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UNCLAS ROME 002743

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FROM THE U.S. MISSION TO THE UN AGENCIES IN ROME

E.O. 12958: N/A

TAGS: [AORC](#) [EAGR](#) [EAID](#) [KUNR](#) [FAO](#)

SUBJECT: RESULTS-BASED MANAGEMENT AT FAO

1. Summary: In light of a long history of continued calls for UN reform, the Food and Agriculture Organization (FAO) over the past seven years has implemented a Results Based Management (RBM) reform initiative. The process proceeds in three planning tiers. Supporting the Program of Work and Budget (PWB), a two-year budget plan, is a six-year Medium Term Plan (MTP) and a 15-year Strategic Framework that was adopted by the FAO Conference in 1999. Measuring the progress of these planning processes is an extensive independent evaluation program accompanied by oversight and inspection units. Although long-term planning can enhance transparency and is a right step forward, utilization of too many planning tools could potentially overburden the system and stymie the overall goals of reform measures. The September Program and Finance Committee meetings will continue a discussion on how RBM can be improved. End Summary.

#### Strategic Framework

2. In 1999 FAO introduced a Strategic Framework intended to structure a program approach to long-term goals. Twelve strategic objectives became the basis of all program planning within the FAO. The Strategic Framework also defined key cross-organizational strategic issues that needed to be addressed in order to ensure that the Organization had or acquired the capacity to provide the services sought by Members. In addition, the Strategic Framework included criteria for priority setting, with a view to their application in the Medium-Term Plan.

3. Since that time the results-based planning and accountability framework laid out in the Strategic Framework has aimed to ensure that actions achieved desired results in a cost effective manner. The model uses logical framework planning, including establishing rationales, objectives and outputs, and an evolving suite of planning and post-factum reporting documents for the comprehensive review of programs by the governing bodies with an emphasis on accountability, evaluation and oversight.

#### Medium Term Plan

4. The strategic framework was accompanied by medium and short-term planning. The six-year Medium Term Plan (MTP) played a central role as it proposed programs that addressed each strategic objective in the Strategic Framework. These would be accompanied by information on the planned results, including outputs, effectiveness criteria and indicators. It was a rolling plan, updated every two years by deleting completed program entities and including the new ones for the upcoming planning period. The revision would also take account of the outcome of evaluations and implementation performance reporting.

5. The program entities constituting the MTP fell into three categories: Technical Projects, Continuing Programme Activities, and Technical Service Agreements. The latter two concerning outputs and services to be provided on a fairly constant or continuing basis. As Technical Projects have a duration of up to six years, only one-third were new in any one biennium, thus reducing the volume of work involved in reviewing the Plan.

#### Program of Work and Budget

6. The Program of Work and Budget (PWB) has become more of a budget document that represents the detailed implementation plan for a two-year slice of the MTP. As such, it is a vehicle for fine-tuning agreed activities to match available budgetary resources. The MTP and PWB documents improved the basis for appraisal, evaluation and performance reporting to both management and

governing bodies. Fundamentally, however, it was only in the two-year PWB where member states decided resources levels.

#### Evaluation and Oversight

##### 17. Evaluation, a core feature of the RBM process, covers

both normative and technical cooperation and compares the needs of FAO member countries to program priorities. Evaluations have an accountability function in terms of results, but the emphasis is on organizational and program improvement. The Program Committee supervises the evaluation routine and an internal evaluation committee advises the Director General on evaluation.

18. The FAO has been conducting evaluations with steadily increasing rigor for more than twenty-five years. In 1999 FAO shifted to more independent policy-oriented evaluation, with less emphasis on the evaluation of individual small programs. Two to three major evaluations are carried out by FAO each year. Since 2001 there have been twelve evaluations. One of the most recent, for example, is the 2004 evaluation on decentralization that provided a comprehensive assessment of decentralization and tabled recommendations to enhance the future benefits of decentralization to member countries. The Evaluation Service manages evaluations constitutes teams to conduct them. The teams always include external consultants and generally have members from the Evaluation Service. In addition to a core evaluation team, the external input and independence are normally strengthened through a wider panel.

19. Oversight in the FAO is carried out by both internal and external audit committees. The internal audit committee advises the Director-General and the Office of the Inspector-General on internal audit matters. The Office of the Inspector General, in turn, conducts comprehensive audits comprising financial, compliance, and management or value-for-money audits, and investigates waste, abuse of authority, fraud, presumptive fraud, and undesirable activities. The External Audit is the independent oversight tool, which reports directly to the Governing bodies. The financial audit is the most important aspect of external audit as it provides assurance that the financial statements are free from material inaccuracies. While the Joint Inspection Unit (JIU) also functions as an oversight mechanism, it falls outside of the FAO RBM process but has the broadest powers of investigation in all matters having a bearing on the efficiency of services and the proper use of resources and may make inquiries and investigations. The JIU enhances the efficiency of the administrative and financial functioning of the overall United Nations system.

110. Within its RBM framework, FAO therefore enjoys a sophisticated goal-oriented management process that may be more extensive than that found in many UN organizations. In addressing RBM systems within the United Nations the Joint Inspection Unit report of 2004 cited FAO for a good practice examples amongst UN agencies that had implemented an effective evaluation system.

#### Comment

111. While the FAO has made great strides in improving its programming and evaluation functions, discussions have begun on the feasibility and redundancy of having three planning documents. More specifically, many in both the Secretariat and among the permreps are coming to the view that the 15-year strategic framework presents too long a horizon and should be replaced by a more comprehensive MTP. In this instance FAO would continue to use the two-year PWB as the major implementation and budgetary plan that is updated on a biennial basis and the MTP would be the more strategic planning document. This discussion will continue with a paper being developed by the Secretariat for the September Program and Finance Committee meetings. Nevertheless no change is likely to be proposed before the Fall 2005 Conference.

112. An inherent shortcoming in FAO's (as well as any other) RBM process, however, is that it works only within the context of priorities established by the governing bodies. It is aimed at achieving and measuring progress within existing parameters. In a situation where the size of the budget is determined in the short-term PWB process, the Medium Term Plan has tended to be unrealistic in assuming the availability of resources, and RBM, in turn, has measured effective management of resources only within the PWB set of assumptions. At

least as applied, the RBM process is ineffective in reestablishing priorities so that resources can flow to a more optimal mix of outcomes.

113. The Independent External Evaluation (IEE) agreed at the 127th Council session launched an evaluation organized directly by the governing members of FAO, itself. The goal is to establish an objective independent baseline of programmatic strengths and weaknesses in order to facilitate what ultimately should be a re-definition of the organization's structure and programs. If successful, the RBM process could provide a streamlined process toward a more modern and responsive FAO.

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2005ROME02743 - Classification: UNCLASSIFIED